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SENATE

REPORT
No. 176

PEANUT MARKETING QUOTAS AND ACREAGE ALLOTMENTS

MARCH 14 (legislative day, MARCH 12), 1951.—Ordered to be printed

Mr. HOEY, from the Committee on Agriculture and Forestry, submitted the following

REPORT

[To accompany H. R. 2615]

The Committee on Agriculture and Forestry, to whom was referred the bill (H. R. 2615) to amend the Agricultural Adjustment Act of 1938, as amended, having considered the same, report thereon with a recommendation that it do pass with an amendment.

The amendment to the bill strikes out all after the enacting clause and inserts in lieu thereof the language of S. 742.

STATEMENT

The proposed legislation is designed primarily to correct a situation in peanut production whereby certain types of peanuts are now in short supply. During World War II peanut producers were urged to increase their production for strategic purposes and, following cessation of hostilities, they were faced with the problem of reducing their acreage drastically in order to maintain a more normal relationship between demand and supply. This reduction is being accomplished through the system of marketing quotas and acreage allotments authorized by the Agricultural Adjustment Act of 1938, as amended.

However, in the attempt to achieve as equitable and reasonable a reduction as possible, the law now would require a reduction in the acreage devoted to the production of Virginia and Valencia types of peanuts, along with reductions in acreage of other types. The supply of Virginia and Valencia types did not equal the demand in 1950 and a further reduction would be unnecessarily detrimental to the industry. The shortage of these types of peanuts in 1950 was alleviated to some extent by Public Law 471, Eighty-first Congress, which authorized the Secretary of Agriculture to permit the sale of

excess peanuts of such types as were found to be in short supply without payment of the marketing penalty. That authorization is applicable, however, only to the 1950 crop of peanuts.

As stated above, the peanut industry has been confronted with a major problem of adjusting the production of peanuts from a greatly increased demand for total war needs to relatively small, normal demands of peacetime. Peanut acreage was increased almost 100 percent from 1941 to 1947 when the total acreage was 3,389,000 acres. A slight reduction was made in 1948 when 3,310,000 acres were harvested, but under the marketing quota and acreage allotment system, a total reduction of 46.5 percent has been made in 3 years. The 3-year period includes the proposed acreage to be harvested in 1951 under a national acreage allotment of 1,771,117 acres, announced October 26, 1950, by the Department of Agriculture.

This reduction under Federal regulation has not been without cost to the Government. Losses in the price-support program for peanuts in 1949 totaled approximately $40,000,000 and the loss on the 1950 crop is expected to be about $20,000,000. Your committee is concerned about these losses, but it does recognize that the adjustment in peanut acreage has been a tremendous economic problem to growers of peanuts, and the help given by the Federal Government through price supports and the marketing quota and acreage allotment system has undoubtedly been highly instrumental in preventing disastrous financial conditions within the industry.

The outlook for the 1951 program is more favorable. The market is expected to reflect a stronger demand for peanuts this year for both edible and oil purposes. In addition, the national acreage allotment for 1951, including the increases proposed by this bill, would be 331,334 acres less than the final 1950 allotment. These two factors will undoubtedly result in less cost to the Government in administering the peanut price-support program in 1951 than in the previous 2 years.

Along with providing permanent authority to the Secretary to grant increased allotments for the production of peanuts in short supply, the legislation does increase acreage for other types of peanuts in 1951. The national acreage allotment for 1951, as announced by the Department of Agriculture, is 1,771,117 acres. H. R. 2615, as amended by your committee, would increase the 1951 allotment by 34,900 acres, excluding the acreage added for types of peanuts in short supply. In a report on S. 742, the Department of Agriculture estimated that approximately 62,843 acres would be needed for production of peanuts in short supply. These increases of 34,900 acres and 62,843 acres, added to the previously announced national acreage allotment of 1,771,117 acres, would make a final 1951 acreage allotment of 1,868,860 acres. Thus the 1951 allotment, as amended by the bill, would actually be a reduction of 331,334 acres from the final 1950 allotment of 2,200,194 acres.

The report of the Department of Agriculture, dated February 17, 1951, and recommending the enactment of S. 742, is attached as appendix A.

In addition to treating the problem of peanuts in short supply, Public Law 471 also authorized emergency allotments in 1950 to allow for a more equitable allocation of State acreage allotments. The increases made in 1950 are not taken into consideration in computing the 1951 allotment in accordance with the provisions of Public Law

471. Therefore, the same discrepancies exist to some extent in the 1951 allocation, and the proposed increase in acreage, other than for the production of peanuts in short supply, is to provide a more equitable distribution of the national acreage allotment among the various States on a permanent basis.

The need is apparent for adjustment of the peanut acreage allotment system to provide for the production of any type of peanuts equal to the demand for such type. The committee also believes the changes proposed in the basic State acreage allotments for 1951 will provide a more equitable basis for future allocation of the national allotment. Therefore, your committee recommends enactment of H. R. 2615, as amended, and in view of the changes proposed for the 1951 crop of peanuts which will soon be planted, immediate consideration by the Senate is urged.

ANALYSIS OF H. R. 2615

The bill as passed by the House provided for the allocation of the national acreage allotment for 1951, 1952, 1953, and 1954, less the national reserve for new farms, among the States on the basis of the average acreage of peanuts harvested for nuts in each State during the 5-year period 1945–49, but no State acreage allotment could be less than the acreage allotment which would have been established for such State on the basis of the acreage allotted to each State as its share of the final 1950 national acreage allotment of 2,200,194 acres. However, no State acreage allotment for 1951 could be reduced below that which has already been announced for such State. The bill as passed by the House further provided that the national acreage allotment for 1955 and any subsequent year, less the national reserve for new farms, would be allocated among the States on the basis of the average acreage harvested for nuts in the State in the 5 years preceding the year in which the national acreage allotment is determined and such harvested acreage for any year of the 5-year period cannot exceed the State acreage allotment for such year.

The committee amendment to H. R. 2615 provides that the 1951 national acreage allotment, less the national reserve for new farms, shall be apportioned among the States on the basis of the larger of the following for each State: (*a*) The acreage allotted to the State as its share of the 1950 national acreage allotment of 2,100,000 acres, or (*b*) the State's share of 2,100,000 acres apportioned to States on the basis of the average acreage harvested for nuts in each State in the 5 years 1945–49. Like the bill as passed by the House, the committee amendment provides that no State allotment can be reduced below the allotment already announced for such State for 1951. The amendment also provides that for any year subsequent to 1951, the national acreage allotment, less the national reserve for new farms, shall be apportioned among the States on the basis of their share of the national acreage allotment for the most recent year in which such apportionment was made.

The bill as passed by the House and as amended by your committee provides that any increases granted by the above provisions shall be in addition to the national acreage allotment for 1951 and shall be considered in computing future State acreage allotments.

In authorizing acreage increases for production of types of peanuts in short supply, H. R. 2615, as passed by the House, provided that the Secretary of Agriculture shall determine the extent to which the State allotments for those States producing such type or types of peanuts shall be increased to meet the demand. The committee amendment provides that the State allotment cannot be increased for such purpose above the 1947 harvested acreage of peanuts for such State. Both the committee amendment and the bill as passed by the House provide that acreage increases for the production of peanuts in short supply cannot be taken into consideration in computing future State, county, and farm acreage allotments.

The committee amendment makes no change in certain sections of the bill as passed by the House and an analysis of these sections as contained in the report of the House Agriculture Committee on H. R. 2615 is as follows:

SECTION 358 (D)—FARM ACREAGE ALLOTMENTS

The bill provides that the State acreage allotment for 1952 and any subsequent year shall be apportioned among "old" peanut farms (farms on which peanuts have been harvested in any 1 of the 3 years preceding the year for which allotments are being established) on the basis of the past acreage of peanuts (excluding any acreage harvested in excess of the farm acreage allotment), taking into consideration the acreage allotments previously established for the farm; abnormal conditions affecting acreage; land, labor, and equipment available for the production of peanuts; crop rotation practices; and soil and other physical factors affecting the production of peanuts.

Under existing law, allotments for "old" farms are established on the basis of the tillable acreage available for the production of peanuts and the past acreage of peanuts on the farm, taking into consideration the peanut-acreage allotments established for the farm under previous programs. The present factors do not permit the local committees to take into account certain facts and elements relating to peanut production which must be considered if fair and equitable allotments as between farms in a community or county are to be established. The factors included in the bill will permit the Secretary to lay down certain guides and standards which, when applied by the local committees, should result in proper distribution of the allotment available to the committees.

SECTION 358 (E)—COUNTY ACREAGE ALLOTMENTS

The bill provides that the Secretary may, if the State committee recommends such action and the Secretary determines that such action will facilitate the effective administration of the act, provide for the apportionment of the State allotment among the counties on the basis of the past acreage of peanuts harvested for nuts (excluding excess acreage) in the county during the five preceding years, with adjustments for abnormal conditions affecting acreage, for trends in acreage, and for additional allotments for types of peanuts in short supply under the provisions of section 358 (c). Existing law provides for apportionment of the State acreage allotment direct to farms. It has been the experience of the Department of Agriculture that apportionment of allotment to farms is more effective where county acreage allotments are established and the county and community committees are given the responsibility for apportioning such allotment among the eligible farms.

SECTION 358 (F)—NEW FARMS

The bill provides that the Secretary may reserve not more than 1 percent of the national acreage allotment for establishing allotments for new farms; that is, farms on which peanuts will be produced in the current year but on which no peanuts were harvested during any 1 of the preceding 3 years. The factors upon which such apportionments would be made are past peanut-producing experience by the producers on the farm; land, labor, and equipment available for the production of peanuts; crop-rotation practices; and soil and other physical factors affecting the production of peanuts. Existing law does not specifically provide for the establishment of allotments for "new" peanut farms.

SECTION 358 (G)—RELEASE AND REAPPORTIONMENT OF FARM-ACREAGE ALLOTMENTS

The bill provides that any part of the acreage allotted to a farm which will not be used, and which is voluntarily surrendered to the county committee by the owner or operator of the farm, shall be deducted from the allotment for the farm and may be reapportioned by the county committee to other farms in the same county receiving peanut-acreage allotments. Any transfer of allotment under this provision will not operate to reduce the allotment for any subsequent year for the farm from which acreage is transferred, except that such farm will become ineligible for an "old" farm allotment if no peanuts are harvested from it during the base 3-year period. The acreage planted on a farm as a result of having received additional allotment under this provision of the bill will be considered the same as excess acreage in establishing future farm-acreage allotments. The bill further provides that any part of a farm-acreage allotment may be permanently released in writing to the county committee by the owner and operator of the farm.

SECTION 358 (H)—ALLOTMENTS FOR DISPLACED FARM OWNERS

The bill provides that the allotment determined or which would have been determined for any land which is removed from agricultural production in 1950 or any subsequent year for any purpose because of acquisition by any Federal, State, or other agency having a right of eminent domain shall be placed in a pool and shall be available for use in providing equitable allotments for farms owned or acquired by owners displaced because of acquisition of their farms by such agencies. Upon application to the county committee made within 5 years from the date of such acquisition of the farm, any owner so displaced shall be entitled to have an allotment for any other farm owned or acquired by him equal to an allotment which would have been determined for such other farm plus the allotment which would have been determined for the farm so acquired, but the total allotment for the farm may not exceed 50 percent of the acreage of cropland on the farm. The bill further provides that an owner shall not be eligible for the benefits of this provision if there is any marketing quota penalty due with respect to the marketing of peanuts from the farm acquired by the Federal, State, or other agency or by the owner of the farm; or if any peanuts produced on such farm have not been accounted for as required by the Secretary; or if the allotment next established for the farm acquired by the Federal, State, or other agency would have been reduced because of false or improper identification of peanuts produced on or marketed from such farm.

SECTION 359 (G)—MARKETING OF EXCESS PEANUTS

Under existing law, if the total acreage of peanuts picked or threshed on the farm does not exceed the total acreage of peanuts picked or threshed on the farm in 1947, payment of the marketing penalty will not be required on any excess peanuts which are delivered to or marketed through an agency designated by the Secretary. The bill would change this provision so as to establish 1948 as the year to be referred to in those cases where no peanuts were harvested on the farm in 1947.

Under existing law, if the Secretary determines that the supply of any type of peanuts produced in 1950 is insufficient to meet the demand for cleaning and shelling purposes at specified price levels, the Secretary shall permit the sale for cleaning and shelling of the excess peanuts of such type delivered to designated agencies to avoid the marketing penalty. Where such deliveries are made, the producers are paid the prevailing market value for such peanuts for crushing for oil and they receive a distribution of the net profits from the sales of such peanuts for cleaning and shelling purposes. The bill would give the Secretary authority to operate such a program in 1951 and any subsequent year. However, in view of the provisions of the bill authorizing the Secretary to increase the allotments for States producing peanuts of a type in short supply, it appears that the authority vested in the Secretary by this provision would not be exercised unless a shortage in a particular type of peanuts developed because of abnormally low yields or increased demand.

The bill further provides that, as an alternative to designated agencies paying producers the prevailing oil value for deliveries of excess peanuts of any type in short supply and subsequently distributing the proceeds from sales of such peanuts among the producers, the Secretary may authorize peanut buyers to purchase such peanuts from producers at specified price levels. If peanut buyers were so

authorized, producers would have the option of either delivering such peanuts to designated agencies or selling them to approved buyers, and in either case the marketing would not be subject to penalty. The committee understands that the distribution of net profits among the producers who delivered excess peanuts of a type declared to be in short supply requires the keeping of numerous records. Moreover, it is usually several months before the producer receives the distribution payment. Under the alternative method proposed in the bill, the producer would receive full payment from the approved buyer to whom he sold his peanuts.

SECTION 363—REVIEW OF FARM ACREAGE ALLOTMENTS

The bill amends section 363 of the act to state that the members of a local review committee shall be appointed by the Secretary from the same or nearby counties. The review committees are local committees composed of three farmers appointed by the Secretary to review the farm acreage allotments and marketing quotas of dissatisfied farmers in the locality. Since the act was passed in 1938, the Secretary has followed the practice of appointing on these review committees those farmers who are county or community committeemen in adjacent or nearby counties. These farmers were appointed because they were familiar with the marketing-quota program and were, therefore, able to deal effectively with the complaints of farmers in the area. Although a marketing-quota program has been in effect for some commodity for each of the years since the passage of the act, some question has arisen regarding the legality of appointing county and community committeemen from adjoining counties on these review committees. The committee feels that these farmers are best qualified to serve on the review committees and that any doubt regarding the legality of their appointment should be settled. Therefore, this amendment is merely to clarify a section of the present law.

In addition, the committee amendment provides that no refund of any penalty shall be made because of peanuts kept on the farm for seed or for home consumption. This provision will clarify the situation with respect to withholding from market for such uses a part of the total production of peanuts, some of which is subject to penalty. The provision will continue the present practice of the Department in administering the peanut price-support program.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

AGRICULTURAL ADJUSTMENT ACT OF 1938, AS AMENDED

SEC. 358. * * *

[(c) The national acreage allotment shall be apportioned among the States on the basis of the average acreage of peanuts harvested for nuts in the State in the five years preceding the year in which the national allotment is determined, with adjustments for trends, abnormal conditions of production, and the State peanut acreage allotment for the crop immediately preceding the crop for which the allotment hereunder is established: *Provided*, That the allotment established for any State shall be not less than (1) the allotment established for such State for the crop produced in the calendar year 1941, or (2) 60 per centum of the acreage of peanuts harvested for nuts in the calendar year 1948, whichever is larger: *Provided further*, That if the national acreage allotment in any year is less than two million one hundred thousand acres, then the allotment for each State after being calculated as hereinabove provided shall be reduced by the same percentage as the State allotment (as so calculated) bears to the national allotment: *And provided further*, That the national acreage allotment for the crop year 1950 shall be not less than two million one hundred thousand acres.]

(c) (1) The national acreage allotment for 1951, less the acreage to be allotted to new farms under subsection (f) of this section, shall be apportioned among the States

on the basis of the larger of the following for each State: (a) The acreage allotted to the State as its share of the 1950 national acreage allotment of two million one hundred thousand acres, or (b) the State's share of two million one hundred thousand acres apportioned to States on the basis of the average acreage harvested for nuts in each State in the five years 1945–1949: Provided, That any allotment so determined for any State which is less than the 1951 State allotment announced by the Secretary prior to the enactment of this Act shall be increased to such announced allotment and the acreage required for such increases shall be in addition to the 1951 national acreage allotment and shall be considered in determining State acreage allotments in future years. For any year subsequent to 1951, the national acreage allotment for that year, less the acreage to be allotted to new farms under subsection (f) of this section, shall be apportioned among the States on the basis of their share of the national acreage allotment for the most recent year in which such apportionment was made.

(2) Notwithstanding any other provision of law, if the Secretary of Agriculture determines, on the basis of the average yield per acre of peanuts by types during the preceding five years, adjusted for trends in yields and abnormal conditions of production affecting yields in such five year, that the supply of any type or types of peanuts for any marketing year, beginning with the 1951–1952 marketing year, will be insufficient to meet the estimated demand for cleaning and shelling purposes at prices at which the Commodity Credit Corporation may sell for such purposes peanuts owned or controlled by it, the State allotments for those States producing such type or types of peanuts shall be increased to the extent determined by the Secretary to be required to meet such demand but the allotment for any State may not be increased under this provision above the 1947 harvested acreage of peanuts for such State. The total increase so determined shall be apportioned among such States for distribution among farms producing peanuts of such type or types on the basis of the average acreage of peanuts of such type or types in the three years immediately preceding the year for which the allotments are being determined. The additional acreage so required shall be in addition to the national acreage allotment, the production from such acreage shall be in addition to the national marketing quota, and the increase in acreage allotted under this provision shall not be considered in establishing future State, county, or farm acreage allotments.

(d) The Secretary shall provide for apportionment of the State acreage allotment for any State through local committees among farms on which peanuts were grown in any of the three years immediately preceding the year for which such allotment is determined. [Such apportionment shall be made on the basis of the tillable acreage available for the production of peanuts and the past acreage of peanuts on the farm, taking into consideration the peanut-acreage allotments established for the farm under previous agricultural adjustment and conservation programs.] *The State acreage allotment for 1952 and any subsequent year shall be apportioned among farms on which peanuts were produced in any one of the three calendar years immediately preceding the year for which such apportionment is made, on the basis of the following: Past acreage of peanuts, taking into consideration the acreage allotments previously established for the farm; abnormal conditions affecting acreage; land, labor, and equipment available for the production of peanuts; crop-rotation practices; and soil and other physical factors affecting the production of peanuts.* Any acreage of peanuts harvested in excess of the allotted acreage for any farm for any year shall not be considered in the establishment of the allotment for the farm in succeeding years. The amount of the marketing quota for each farm shall be the actual production of the farm-acreage allotment, and no peanuts shall be marketed under the quota for any farm other than peanuts actually produced on the farm.

(e) Notwithstanding the foregoing provisions of this section, the Secretary may, if the State committee recommends such action and the Secretary determines that such action will facilitate the effective administration of the provisions of the Act, provide for the apportionment of the State acreage allotment for 1952 and any subsequent year among the counties in the State on the basis of the past acreage of peanuts harvested for nuts (excluding acreage in excess of farm allotments) in the county during the five years immediately preceding the year in which such apportionment is made, with such adjustments as are deemed necessary for abnormal conditions affecting acreage, for trends in acreage, and for additional allotments for types of peanuts in short supply under the provisions of subsection (c). The county acreage allotment shall be apportioned among farms on the basis of the factors set forth in subsection (d) of this section.

(f) Not more than one per centum of the national acreage allotment shall be apportioned among farms on which peanuts are to be produced during the calendar year for which the allotment is made but on which peanuts were not produced during any

one of the past three years, on the basis of the following: Past peanut-producing experience by the producers; land, labor, and equipment available for the production of peanuts; crop-rotation practices; and soil and other physical factors affecting the production of peanuts.

(g) Any part of the acreage allotted to individual farms under the provisions of this section on which peanuts will not be produced and which is voluntarily surrendered to the county committee shall be deducted from the allotments to such farms and may be reapportioned by the county committee to other farms in the same county receiving allotments, in amounts determined by the county committee to be fair and reasonable on the basis of land, labor, and equipment available for the production of peanuts, crop-rotation practices, and soil and other physical factors affecting the production of peanuts. Any transfer of allotments under this provision shall not operate to reduce the allotment for any subsequent year for the farm from which acreage is transferred, except as the farm becomes ineligible for an allotment by failure to produce peanuts during a three-year period, and any such transfer shall not operate to increase the allotment for any subsequent year for the farm to which the acreage is transferred: Provided, That, notwithstanding any other provisions of this Act, any part of any farm-acreage allotment may be permanently released in writing to the county committee by the owner and operator of the farm, and reapportioned as provided herein.

(h) Notwithstanding any other provision of this section, the allotment determined or which would have been determined for any land which is removed from agricultural production in 1950 or any subsequent year for any purpose because of acquisition by any Federal, State, or other agency having a right of eminent domain shall be placed in a pool and shall be available for use in providing equitable allotments for farms owned or acquired by owners displaced because of acquisition of their farms by such agencies. Upon application to the county committee, within five years from the date of such acquisition of the farm, any owner so displaced shall be entitled to have an allotment for any other farm owned or acquired by him equal to an allotment which would have been determined for such other farm plus the allotment which would have been determined for the farm so acquired: Provided, That such allotment shall not exceed 50 percentum of the acreage of cropland on the farm.

The provisions of this section shall not be applicable if (a) there is any marketing quota penalty due with respect to the marketing of peanuts from the farm acquired by the Federal, State, or other agency or by the owner of the farm; (b) any peanuts produced on such farm have not been accounted for as required by the Secretary; or (c) the allotment next established for the farm acquired by the Federal, State, or other agency would have been reduced because of false or improper identification of peanuts produced on or marketed from such farm.

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SEC. 359. (a) The marketing of any peanuts in excess of the marketing quota for the farm on which such peanuts are produced, or the marketing of peanuts from any farm for which no acreage allotment was determined, shall be subject to a penalty at a rate equal to 50 per centum of the basic rate of the loan (calculated to the nearest tenth of a cent) for farm marketing quota peanuts for the marketing year August 1–July 31. Such penalty shall be paid by the person who buys or otherwise acquires the peanuts from the producer, or, if the peanuts are marketed by the producer through an agent, the penalty shall be paid by such agent, and such person or agent may deduct an amount equivalent to the penalty from the price paid to the producer. The Secretary may require collection of the penalty upon a portion of each lot of peanuts marketed from the farm equal to the proportion which the acreage of peanuts in excess of the farm-acreage allotment is of the total acreage of peanuts on the farm. If the person required to collect the penalty fails to collect such penalty, such person and all persons entitled to share in the peanuts marketed from the farm or the proceeds thereof shall be jointly and severally liable for the amount of the penalty. All funds collected pursuant to this section shall be deposited in a special deposit account with the Treasurer of the United States and such amounts as are determined, in accordance with regulations prescribed by the Secretary, to be penalties incurred shall be transferred to the general fund of the Treasury of the United States. Amounts collected in excess of determined penalties shall be paid to such producers as the Secretary determines, in accordance with regulations prescribed by him, bore the burden of the payment of the amount collected. Such special account shall be administered by the Secretary and the basis for, the amount of, and the producer entitled to receive a payment from such account, when determined in accordance with regulations prescribed by the Secretary, shall be final and conclusive. Peanuts produced in a calendar year in which marketing quotas are in effect for the marketing year

beginning therein shall be subject to such quotas even though the peanuts are marketed prior to the date on which such marketing year begins. If any producer falsely identifies or fails to account for the disposition of any peanuts, an amount of peanuts equal to the normal yield of the number of acres harvested in excess of the farm acreage allotment shall be deemed to have been marketed in excess of the marketing quota for the farm, and the penalty in respect thereof shall be paid and remitted by the producer. If any amount of peanuts produced on one farm is falsely identified by a representation that such peanuts were produced on another farm, the acreage allotments next established for both such farms shall be reduced by that percentage which such amount was of the respective farm marketing quotas, except that such reduction for any such farm shall not be made if the Secretary through the local committees finds that no person connected with such farm caused, aided, or acquiesced in such marketing; and if proof of the disposition of any amount of peanuts is not furnished as required by the Secretary, the acreage allotment next established for the farm on which such peanuts are produced shall be reduced by a percentage similarly computed. *Notwithstanding any other provisions of this title, no refund of any penalty shall be made because of peanuts kept on the farm for seed or for home consumption.*

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(g) If the total acreage of peanuts picked or threshed on the farm does not exceed the total acreage of peanuts picked or threshed on the farm in 1947 *or 1948, if no peanuts were harvested on the farm in 1947*, payment of the marketing penalty as provided in subsection (a) will not be required on any excess peanuts which are delivered to or marketed through an agency or agencies designated each year by the Secretary. Any peanuts received under this subsection by such agency shall be sold by such agency (i) for crushing for oil under a sales agreement approved by the Secretary; (ii) for cleaning and shelling at prices not less than those established for quota peanuts under any peanut diversion, peanut loan, or peanut purchase program; or (iii) for seed at prices established by the Secretary. For all peanuts so delivered to a designated agency under this subsection, producers shall be paid for the portion of the lot constituting excess peanuts, the prevailing market value thereof for crushing for oil (but not more than the price received by such agency from the sale of such peanuts), less the estimated cost of storing, handling, and selling such peanuts: *Provided,* That [for the 1950 crop] if the Secretary determines that the supply of any type of peanuts is insufficient to meet the demand for cleaning and shelling purposes at prices at which the Commodity Credit Corporation may sell peanuts owned or controlled by it for such purposes, the Secretary shall permit the sale, for cleaning and shelling, of the excess peanuts of such type so delivered. Such sales shall be in quantities necessary to meet such demand and at prices not less than those at which the Commodity Credit Corporation may sell peanuts owned or controlled by it for cleaning and shelling. The proceeds received from the sale of such peanuts of such type for cleaning and shelling shall, after deduction of the price paid to producers and other costs incurred in connection therewith, including estimated cost of proration, be prorated proportionately among all of the producers delivering excess peanuts of such type to designated agencies under this section. *As an alternative to designated agencies paying the prevailing oil value for such excess peanuts of any type in insufficient supply and the subsequent distribution of sales proceeds therefrom in accordance with the foregoing provisions of this subsection, the Secretary may also authorize peanut buyers approved pursuant to regulations of the Secretary to purchase such peanuts from producers at prices not less than those at which such peanuts may be sold for cleaning and shelling by the Commodity Credit Corporation. In the event of such authorization by the Secretary, producers shall have the option of either delivering such peanuts to designated agencies or selling such peanuts to approved peanut buyers, and such sales to approved buyers shall have the same effect, with respect to avoidance of the marketing penalty and classification of producers as cooperators, as deliveries to designated agencies.* Any person who, pursuant to the provisions of this subsection, acquires peanuts for crushing for oil and who uses or disposes of such peanuts for any purpose other than that for which acquired shall pay a penalty to the United States, at a rate equal to the marketing penalty prescribed in subsection (a), upon the peanuts so used or disposed of and shall be guilty of a misdemeanor and upon conviction thereof shall be fined not more than $1,000 or imprisoned for not more than one year, or both, for each and every offense. Operations under this subsection shall be carried on under regulations prescribed by the Secretary.

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SEC. 363. [Any farmer who is dissatisfied with his farm marketing quota may, within fifteen days after mailing to him of notice as provided in section 362, have such quota reviewed by a local review committee composed of three farmers appointed by the Secretary.] *Any farmer who is dissatisfied with his farm marketing quota may, within fifteen days after mailing to him of notice as provided in section 362, have such quota reviewed by a local review committee composed of three farmers from the same or nearby counties appointed by the Secretary.* Such committee shall not include any member of the local committee which determined the farm acreage allotment, the normal yield, or the farm marketing quota for such farm. Unless application for review is made within such period, the original determination of the farm marketing quota shall be final.

APPENDIX A

DEPARTMENT OF AGRICULTURE,
Washington, D. C., February 17, 1951.

Hon. ALLEN ELLENDER,
Chairman, Committee on Agriculture and Forestry,
United States Senate.

DEAR MR. ELLENDER: In accordance with your request of February 2, 1951, there is submitted a report on a bill, S. 742, to amend the Agricultural Adjustment Act of 1938, as amended, with respect to peanuts.

This report deals primarily with proposed amendments to section 358 (C) of the act pertaining to the apportionment of the national peanut acreage allotments to States and possible "type" increases.

S. 742 amends section 358 (C) to apportion the national peanut acreage allotment for 1951, less the acreage to be allotted to new farms, among the States on the basis of the larger of the State's share of the 1950 national acreage allotment of 2,100,000 acres or the State's share of 2,100,000 acres apportioned on the basis of the average acreage harvested for nuts in each State in the 5 years 1945–49. The bill further provides that, for 1951, no State shall receive an allotment less than the allotment already announced under existing legislation. For years subsequent to 1951, S. 742 provides that the national acreage allotment, less the acreage to be allotted to new farms, shall be apportioned among the States on the basis of their share of the national acreage allotment for the most recent year in which an apportionment was made.

S. 742 also contains a provision which would permit the Secretary of Agriculture to increase the State acreage allotments for those States producing types or peanuts for which it is determined that the supply will be insufficient to meet the estimated demand for cleaning and shelling purposes at prices at which the Commodity Credit Corporation may sell for such purposes peanuts owned of controlled by it. Under this provision, the State acreage allotment for any State could not be increased above the 1947 harvested acreage of peanuts in such State.

In order to indicate the possible effects of S. 742, there is attached a table entitled "Peanuts: Indicated 1951 Acreage Allotment Under S. 742." This preliminary table indicates the approximate State acreage allotments which would be determined for the 1951 crop under the proposed bill. State acreage allotments for 1951 prior to possible increases for "type" would be as shown in column 7 of the attached table.

Although S. 742 would allow much larger increases if warranted by demand, it has been assumed for ease of comparison that the same acreage of Virginia and Valencia types of peanuts would be made under either S. 742 or the Department proposal submitted to both houses of Congress with our letter of December 8, 1950. On the basis of this assumption, column 9 of the attached table shows the approximate manner in which 62,843 acres of additional Virginia- and Valencia-type allotment would be apportioned to States for 1951 under S. 742. In making this apportionment, we have ignored the fact that some States other than the five listed also produce some Virginia- and Valencia-type peanuts and would be entitled to their proportionate share of any over-all increase in 1951 allotments for these types.

In addition to the fact that the total increase itself is purely illustrative, it should also be pointed out that the basis for apportioning this increase to States, that is, the 1948–50 average acreages by types, are approximations which are subject to change.

As we interpret S. 742, it differs from the Department proposal in only two major respects insofar as the determination of acreage allotments are concerned.

These differences are: (*a*) S. 742 provides that increases in State acreage allotments resulting from allotments already announced for 1951 will be considered in determining State acreage allotments for future years, whereas under the Department proposal, these increases would not be considered in determining State acreage allotments after 1951, and (*b*) S. 742 makes allotment increases by "type" permissive and subject to determinations by the Secretary of Agriculture, whereas under the Department proposal, increases for Virginia- and Valencia-type peanuts are mandatory and automatic. Also, S. 742 limits "type" increases only to the extent that the allotment for any State may not be increased above the 1947 harvested acreage of peanuts in the State. Under the Department bill, the automatic and mandatory allotment increases for Virginia- and Valencia-type peanuts would limit increases to the extent that no State acreage allotment would be increased above its 1941 acreage allotment.

The Department has no objection to the method of apportioning the national acreage allotment to States as provided for in S. 742 although it would result in some differences in State acreage allotments for 1952 and subsequent years from those which would be determined under the Department proposal. For example, under S. 742, 1952 State acreage allotments would be determined by apportioning the national acreage allotment to States on the basis of the entries in column 7 of the attached table. Under the Department proposal, this apportionment for 1952 and subsequent years would be on the basis of entries in column 5.

The Department also agrees with the intent of the proposed subsection (C) (2) as contained in S. 742 which would permit increasing allotments for individual types of peanuts when it is determined that increases are needed in order to meet the edible demand for such types. Also, we believe that if a limitation is needed, the 1947 acreage picked and threshed would be an acceptable limit to which individual State allotments could be increased under this provision. However, this subsection as written places the authority and responsibility for type increases with the Secretary of Agriculture and we would prefer that the legislation contain specific provision for increasing the allotment for Virginia- and Valencia-type peanuts in much the same way as proposed in our letter of December 8, 1950. If legislation should be enacted placing this authority with the Secretary of Agriculture as provided in S. 742, the Department of Agriculture will administer the provision to the best of its ability on the basis of its analysis of the supply and demand for the various types of peanuts. It is suggested, however, that the committee consider amending the language in lines 11 and 12, page 3, of S. 742 to read "preceding the year in or for which the allotments are being determined." This language would permit the Department to use the most recent 3-year period for which data are available, whereas under the language as now written, the Department might not have the 3-year data referred to at the time State and farm acreage allotments are established. It is also believed that the committee might wish to insert language which would clearly eliminate "excess acreage" from the determination of the 3-year average acreage to be used as the basis for apportioning type increases to States and farms.

S. 742 meets the principal objectives of the Department of Agriculture insofar as peanut legislation is concerned and subject to consideration of the items mentioned above, the Department recommends that the bill be enacted.

There is urgent necessity for early action with respect to peanut legislation which would permit the increase of allotments for States and farms producing Virginia- and Valencia-type peanuts because the allotments determined pursuant to existing legislation have been reduced substantially below the acreage required to obtain production sufficient to meet the demand.

In view of the subsequent request, we are submitting this report without awaiting advice from the Bureau of the Budget as to the relationship of the proposed legislation to the program of the President.

Sincerely,

CHARLES F. BRANNAN, *Secretary.*

Peanuts: Indicated 1951 acreage allotments under S. 742

State and area	1945–49 straight average acreage (1)	1950 acreage allotment prior to Public Law 471 (2)	2,100,000 acres apportioned on basis of 1945–49 average acreage (3)	Larger of cols. (2) or (3) (4)	First indicated 1951 acreage allotment [1] (5)	1951 acreage allotment announced Oct. 26, 1950 (6)	Second indicated 1951 allotment [2] (7)	1947 acreage picked and threshed [3] (8)	Approximate increase for types through proposed legislation [4] (9)	Third indicated 1951 acreage allotment [4] (10)
Virginia	154,600	141,108	105,873	141,108	112,869	117,819	117,819	162,000	22,268	140,087
North Carolina	287,600	225,702	196,955	225,702	180,535	188,451	188,451	292,000	37,689	226,140
Tennessee	5,400	4,766	3,698	4,766	3,812	3,979	3,979	5,000	672	4,651
Total Virginia-Carolina area	447,600	371,576	306,526	371,576	297,216	310,249	310,249	459,000	60,629	370,878
South Carolina	27,200	18,375	18,627	18,627	14,899	15,342	15,342	26,000	1,665	17,007
Georgia	1,046,600	701,400	716,733	716,733	573,301	585,638	585,638	1,124,000	----------	585,638
Florida	96,400	73,236	66,017	73,236	58,580	61,149	61,149	105,000	----------	61,149
Alabama	444,200	274,907	304,197	304,197	243,321	229,535	243,321	463,000	----------	243,321
Mississippi	15,400	9,272	10,546	10,546	8,436	7,742	8,436	15,000	----------	8,436
Total southeast area	1,629,800	1,077,190	1,116,120	1,123,339	898,537	899,406	913,886	1,733,000	1,665	915,551
Arkansas	8,600	5,473	5,889	5,889	4,710	4,570	4,710	8,000	----------	4,710
Louisiana	4,000	2,506	2,739	2,739	2,191	2,092	2,191	5,000	----------	2,191
Oklahoma	241,400	183,600	165,316	183,600	146,858	153,298	153,298	325,000	----------	153,298
Texas	723,600	451,200	495,536	495,536	396,369	376,732	396,369	836,000	----------	396,369
New Mexico	10,000	5,959	6,848	6,848	5,478	4,975	5,478	14,000	549	6,027
Total southwest area	987,600	648,738	676,328	694,612	555,606	541,667	562,046	1,188,000	549	562,595
Arizona	500	960	342	960	768	801	801	500	----------	801
California	500	1,257	342	1,257	1,005	1,050	1,050	500	----------	1,050
Missouri	500	279	342	342	274	233	274	500	----------	274
Total others	1,500	2,496	1,026	2,559	2,047	2,084	2,125	1,500	----------	2,125
Acreage reserved for new farms	----------	----------	----------	----------	17,711	17,711	17,711	----------	----------	17,711
Total United States	3,066,500	2,100,000	2,100,000	2,192,086	1,771,117	1,771,117	1,806,017	3,381,500	62,843	1,868,860

[1] Column 4 reduced proportionately to a United States total of 1,771,117 acres, with 17,711 acres reserved for new farms.
[2] Larger of column 5 or column 6.
[3] Maximum acreage to which any State may be increased under "type" provisions of S. 742.
[4] Approximate and preliminary. For ease of comparison the increase of 62,843 acres is the same as assumed would be added by the proposal of the Department of Agriculture.

Source: Fats and Oils Branch, PMA Program Analysis Division, Feb. 15, 1951.

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